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CURRENT FISHERIES MARKET

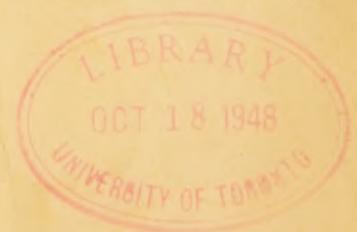
REVIEW AND OUTLOOK

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A DEPARTMENT OF FISHERIES PUBLICATION

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INTRODUCTION

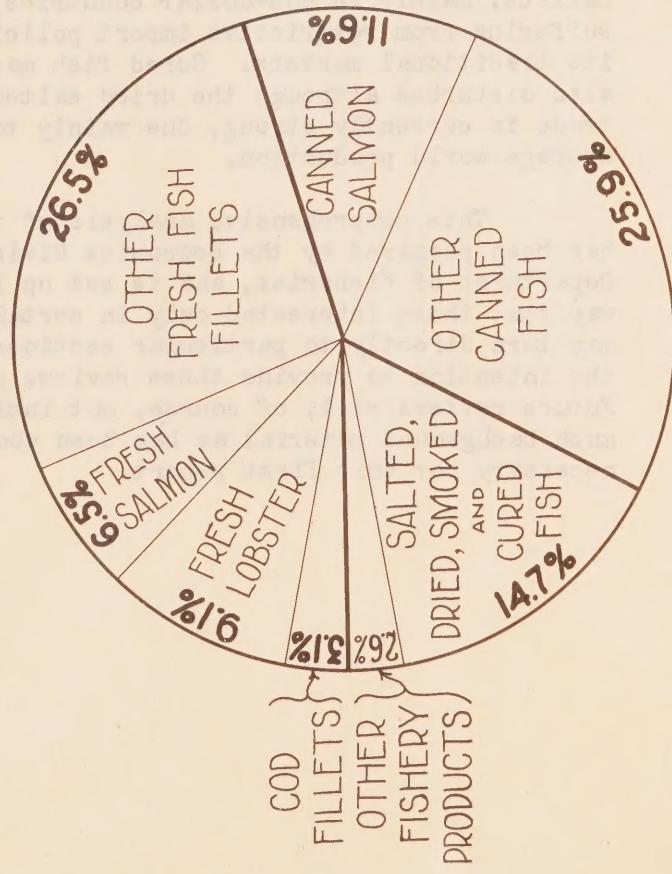
Canada exports approximately 70% of its fishery products, and in view of the presently disturbed political and economic factors influencing international trade, it was felt that a careful appraisal should be presented of available information affecting markets for the various forms of Canadian fishery products.

The fresh and frozen branch of the industry, almost exclusively dependent on North American markets, is enjoying the benefits of continued business prosperity and rising price levels. The canned fish trade, on the other hand, dependent to a substantial degree on offshore markets, mainly in non-dollar countries, is suffering from restrictive import policies in its traditional markets. Cured fish markets are also disturbed although the dried salted fish trade is currently strong, due mainly to below-average world production.

This comprehensive analysis of the situation has been prepared by the Economics Division, Department of Fisheries, and is set up in such a way that those interested only in certain products may turn directly to particular sections. It is the intention to provide these reviews periodically. Future reviews will, of course, not include as much background material as has been considered necessary for this first report.

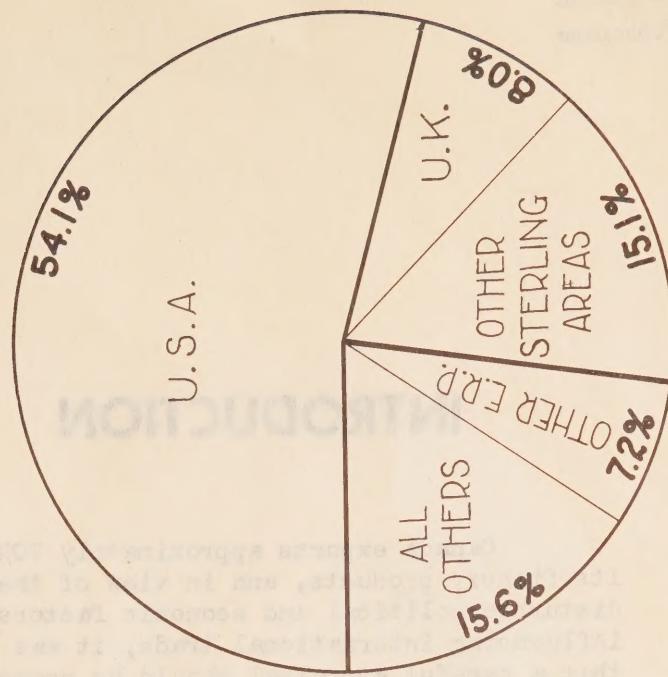
EXPORTS OF CANADIAN FISHERY PRODUCTS

TOTAL EXPORTS,
BY TYPES.
1947



84.0 MILLION
"A"

TOTAL EXPORTS,
BY WORLD ECONOMIC AREAS.
1947



84.0 MILLION
"B"

Summary of Sections

1-A

- (i) The fisheries industry must aid the national economy in its efforts to adapt to changed patterns of world trade. While the industry has not benefited directly from E.R.P., it has benefited indirectly from efforts to sustain international trade in general. (Page 1)
- (ii) The international financial situation has become generally unsatisfactory and it is likely to remain so for a while, with significant effects upon the pattern of the fish trade. (Page 2)

1-B

- (i) The world food situation is expected to improve in the 1948-49 period. (Page 5)
- (ii) World fish production for 1948 will likely continue to be marketed at favorable prices. (Page 6)

11-A

- (i) Significant changes in the general patterns of marketing of Canadian fish are occurring. Exports to the U.K. and other sterling area countries are down; dependence on U.S., Latin America, and E.R.P. countries other than U.K. will be increased. (Page 8)
- (ii) The U.S. market outlook is good, although there are warnings of a price decline in certain commodities during 1949. (Page 8)
- (iii) The Canadian market outlook is also good, although dependence on export markets for many commodities leaves the national economy vulnerable to changes in the international economic scene. (Page 12)

11-B

- (i) The outlook for fresh and frozen fish depends on the U.S. and domestic market, and may be presumed to be favorable. (Page 13)
- (ii) The market situation for canned fish is mixed, some items moving rapidly, others very slowly. (Page 14)
- (iii) The market outlook for cured fish is also varied. Dried salted fish of 1948 production will be successfully marketed. There may be surplus supplies of some types of pickled fish, and of the poorer quality bloaters. (Page 17)
- (iv) Among other fishery products: fish meal production will be higher but future prices may be slightly lower; marine oils can expect a price reduction with improvements in the general supply position of fats and oils. (Page 20)

The Economic Situation in World Markets

(Section 1-A)

GENERAL TRADE AND FINANCIAL FACTORS

(1) Canada is one of the great trading nations of the world and consequently is directly affected by and concerned in developments in international economic affairs. The Canadian economy was built up through external trade, large export surpluses of staple commodities such as fish being traded for consumer goods, industrial fuels and materials, and capital goods necessary to develop the economy. Despite the increased capital investments during the post-war period, rapid industrialization and expansion of domestic consumption, exports still represent over 25% of the national production of goods and services. In the case of the fisheries industry, the dependence on the export markets is even more fundamental, for exports represent about 70% of the total market value of the products of this industry.

Before the war, Canada usually had a large export surplus with the U. K. and other overseas countries, the proceeds of which were used to settle a substantial trade deficit with our chief supplier, the United States. Consequently Canada was directly interested in the maintenance of a multilateral system of international trade, whereby she could buy and sell in the most suitable markets and strike an overall trade balance regardless of the trading balance with individual countries. However since the war, the sterling bloc and some of the European countries have been short of both convertible exchange and goods with which to pay for imports. By the summer of 1947, loans and credits to Britain and other European countries from Canada and the U. S. were almost used up, and the European area's ability to buy needed commodities from the rest of the world was sharply reduced. Monetary reserves and other available sources of U. S. dollars had declined rapidly. Canada had extended substantial credits in the early post-war period but was no longer in a position to do so; in fact, was even forced to institute an exchange saving program. A sharp reduction in purchases by European countries and their colonies was imminent, with possibly grave consequences to international trade. Then the European Recovery Program was instituted, and though it did not permit any increase in European purchases

(in fact, Europe's imports from the U.S. and Canada during the first half of 1948 have been somewhat lower than in 1947) it did improve the prospects of European recovery and the ultimate objective of a more stable system of international trade by preventing a drastic curtailment of international trade in 1948 and on. With E.R.P. and with industrial activity in Europe recovering to pre-war levels (with the exception of Italy and Germany) the situation is more encouraging than it might have been.

While the fisheries industry of Canada has not benefited from E.R.P. directly to any extent, it has benefited indirectly through high levels of activity in the U.S., through less drastic cuts in imports by certain areas (such as the B.W.I.) than there would have been otherwise, and through the prevention of a drastic break in international trade which has enabled still other countries to maintain and even increase their fish imports, thereby compensating for the reduction of imports by the sterling area.

Canada's exports to the U.S. have increased in the past half year and new productive capacity is adding gradually to our ability to export to that country and other dollar markets. It is essential that the fisheries industry continue to increase its exports to the U.S. and expand its capacity to produce the sort of product in demand in that market, thereby aiding the national economy in its effort to adapt itself to changed pattern of world trade. During the first six months of 1948, all Canadian exports to the U.S. increased by 33% over those in the comparable period of 1947. Exports of fish and fishery products increased from \$17.8 million to \$24.9 million, i.e. by 40%, thereby assisting in the general movement.

The impact of the last war on Canada and on the rest of the world is necessitating a fundamental readjustment in the pattern of our trade. From the pre-war triangular pattern of Canada - U.K. - U.S. trade, Canada is being forced to bring her trade with both U.S. and the sterling area into better balance. Although there has been a significant improvement in Britain and Western Europe lately, European recovery still has a long way to go before Europe and its colonies can balance their international accounts at a satisfactory level of trade. There is also a possibility that there will be a greater interchange of goods within the European group, particularly if present exploratory consultations into the advantages of customs union and free-trading areas bear fruit. If and as the U.S. assistance to Europe draws to an end, there is a strong possibility that Canada's cash sales to European currency areas will decline. Exports to dollar area markets must accordingly increase.

(ii) The international situation with respect to the availability of foreign exchange for trade has become generally unsatisfactory and is likely to remain so for a while. In fact, the

post-war financial crisis has proved to be more serious than was anticipated at the time that various international financial agencies such as The International Monetary Fund were being set up. Exchange difficulties have been so acute that many countries have instituted exchange and import controls. Since fishery products rarely get a high priority rating on import quotas, this presents many problems to the industry in readjusting its marketing patterns and in finding new outlets to compensate for the decline of "traditional" markets.

Fortunately, more than 50% of Canadian fish exports go to the U.S., the country in the strongest financial position; obviously, Canadian fish exporters must regard it as their most valuable market, and one to be cultivated even more intensively in the future. American dependencies are also a good bet, though they vary in income and purchasing power.

The sterling area, which includes U.K., Australia and New Zealand, important markets for salmon, and B.W.I., a basic market for cured fish, is short of dollars and despite the expected effects of Economic Co-operative Administration operations and of increased exports, it cannot be anticipated that the exchange position of the sterling bloc will improve to the extent that present levels of imports will be raised within the marketing period with which this report is dealing. However, there are indications that the demands of the populations, based on their habits or encouraged by an active sales policy, will be considered in the determination of the allocations from the dollar pool, though this is more possible for some of the overseas members such as Australia, New Zealand and B.W.I. than for the U.K. itself. South Africa, a partner in the sterling bloc, is a large gold producer and is apt to pursue a more independent course; consequently it may prove to be a valuable field for the extension of our fish marketing activities.

Among European countries other than the United Kingdom which are benefiting from the European Recovery Program and E.C.A. operations, Belgium can be regarded as fairly strong in its currency position, and its African colony, the Belgian Congo as an interesting market despite existing trade controls. The Netherlands have also recovered somewhat as far as imports of Canadian fish are concerned, though the state of the Dutch Colonies appears somewhat unsettled. Though Italy obtains much of its fish requirements through compensatory arrangements, she has E.C.A. funds at her disposal and is free to state preferences in their use (as are the other participating countries). Portugal's exchange position was sufficiently strong to see the Portuguese escudo join the dollar and the Swiss franc in a free trading arrangement on the Paris exchange: in defence of that position, Portuguese authorities check imports which entail outlay of hard currency, but may decide in favor of an attractive product. Greece is receiving considerable aid from the U.S.

through operations of the American Mission for Aid to Greece and is in a position to make dollar purchases. The modest requirements of the French Colonies are usually arranged for by their mother-country, out of domestic production or occasionally through compensatory deals with the Scandinavian countries.

Other countries of the world not belonging to the above categories have more varied market prospects. In the Latin American world, Cuba and Venezuela present a comparatively sound financial picture. Cuba's dollar income is mainly based on its chief export commodity, sugar, most of which has been taken up by the U.S. during the last few years. Venezuela's position is based on its oil production capacity.

The present restrictive import policies followed by Mexico and Brazil will probably continue for some time. Current import policies of these countries place a high priority on capital investment imports rather than on consumer goods, such as fish. However, what applies in the B.W.I. may apply here also, namely that as their populations are accustomed to certain types of fish as a staple food, the authorities may allow the importation of limited quantities, particularly for the Lenten season. Among other significant present or potential markets may be mentioned the Middle East: Egypt, once inside but now out of the sterling bloc, imports fishery products and would be able to finance imports satisfactorily; Palestine was able to raise "hard" currency funds to pay for supplies; Saudi Arabia has oil fields and the Trade Commissioner in Cairo has drawn attention to possibilities in this area, especially among the American residents.

There is no reason to assume an early improvement to recent levels in the general world situation, and currency difficulties affect the marketing of fish more than that of most other commodities because very often importing countries are not ready to grant a high priority rating to fish imports.

However, where any importing country is on a sound basis, or is short but not completely deficient of suitable means of payment so that fishery products are permitted to be imported, there is scope for trade promotion for Canadian fish.

THE WORLD FOOD SITUATION

(Section 1-B)

General

(i) Increased world food supplies, particularly cereal grains, are in prospect for the 1948-49 period. In general, potential production in the net food importing countries has been increased and that of net exporting countries has remained at high levels. In view of the anticipated continuation of the world dollar shortage and currency restrictions, the greater food availability is likely to result in a levelling off and moderate downward adjustment of world food prices. However, considerable variation between groups of commodities is to be expected.

The cereal crops will show the greatest over-all increase in supply. European countries, particularly France and Italy, are expected to have substantially more domestic production. The exporting countries will have available for the world market supplies at somewhat above the level of last year, mainly due to an estimated 450 million bushels of exportable surplus wheat in the U.S. The necessity of replenishing stocks will absorb considerable quantities, but the greater availability has already lowered present and future prices and a further decline is very possible.

Livestock and animal products are not anticipated to show more than a moderate increase in supply. European countries are still in the position of trying to rebuild herds to pre-war levels, with the result that the increase in available marketable supplies is limited. South America has had some small increase in meat output during the past year. The North American continent has witnessed a steady decline of livestock numbers on farms since the peak war-time production. Prices for meats and dairy products have tended to rise over the past year, and are likely to remain high into the early part of 1949. The more favourable feed outlook situation at lower prices should gradually make itself felt at least in a levelling off in prices by the middle of 1949 and a moderate price reduction in the second half of the year.

Fats and oils will be in considerably better supply due largely to increased vegetable oil crops in North America. The animal fat position is not expected to show much change. Prices, which have been declining for the past few months, are expected to average lower for the following year than during the past year.

Protein meals and oilcakes are closely tied to the rebuilding of the livestock industry. For the year in prospect,

supplies are improved and prices are being adjusted downward, but for the longer outlook these protein feeds will continue to be in short supply.

(ii) Fish

The 1948 world fish production is not indicated to differ greatly from that of 1947 (see note under "Current Production Review" Page). On the whole, it appears that marketing of 1948 production will continue at favorable prices.

Since the war, many countries have been restoring their means of production, and in some cases have even enlarged their capacity. Some major producing countries like Iceland, Canada, the U.S. and Newfoundland have successfully increased their output and markets in comparison with the pre-war period; other countries have not recovered fully. The United Kingdom, a net importer, is still below pre-war levels in its domestic production. Japan, still at a very low level of production as compared with pre-war years, is experiencing difficulties which prevent a quick recovery even though S.C.A.P. has given a high priority to the rehabilitation and development of the Japanese fishing industry.

The disposition of fishery products has undergone a shift between forms during the post-war years. Post-war exports of the fresh and frozen products have considerably and progressively increased over 1938 exports. An increased level of canned fish trade also exists at present. On the other hand, salted and dried fishery products are still noticeably below pre-war levels. The usage of fish in producing oils, meals and fertilizer is also indicated to be greatly below that of the pre-war period.

The productive capacity for 1949 will be somewhat increased, but it is difficult to forecast the size of the landings. Considering the reduced cod catch of the last two years, particularly by Norway and Iceland, an increase in landings of this species is quite possible, but it is unlikely that overall supplies will show more than a moderate rise -unless expeditions presently searching for new grounds are successful. It would appear that prices will remain strong over the next six months, after which time some moderate downward adjustment might be expected in line with the anticipated tapering off of food prices generally. Expectations of a continuation of low meat availability in Europe throughout 1949, of E.R.P. financing over the full twelve-month period, and of increased usage in the fresh and frozen form, should be strong factors tending towards European absorption of the export products from Norway and Iceland at price levels close to those of the past year.

The salt fish trade, in view of no expected improvement in the currency problem, cannot be expected to absorb any appreciably increased quantity without rather severe effects on price.

Japan, which may increase its export supplies in 1949, used to enter heavily into the canned fish trade in the U.S., but this is of minor importance as compared with the U.S. fresh and frozen market.

The Marketing of Canadian Fish

(Section 11-A)

GENERAL

(i) Before appraising the market demand for specific fishery products, it is of interest to examine the general patterns of distribution of Canadian exports in 1947 by major forms and by the countries of destination grouped into significant economic categories, and attempt to forecast what distribution is likely to be in 1948. Charts A, B and C display the distribution for 1947 graphically. Table 1 indicates the change in pattern for each of the forms between 1947 and the 1948 forecast.

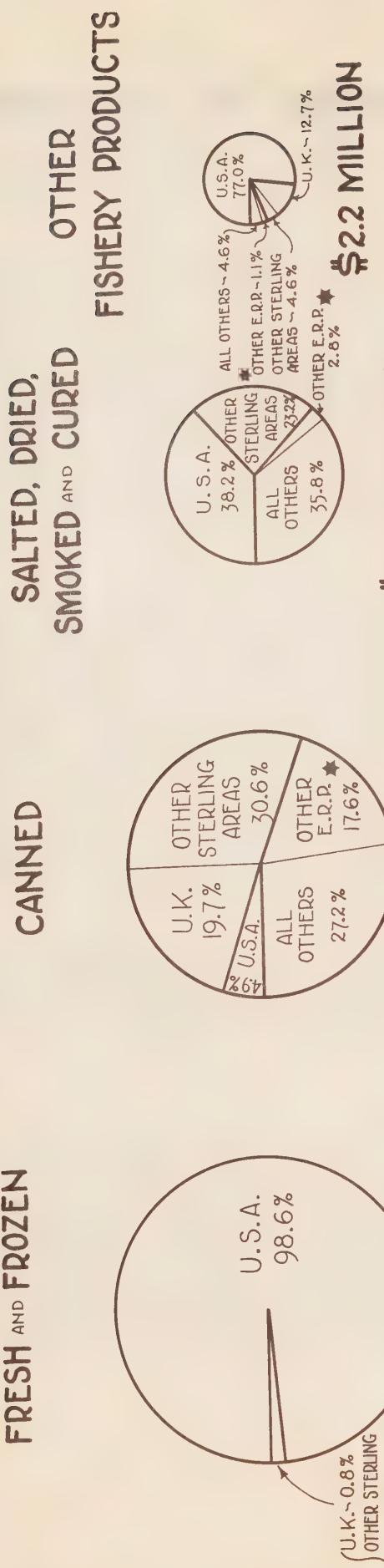
In the fresh and frozen forms, our interest is obviously almost entirely in the U.S. market and this condition will undoubtedly continue. In so far as canned fish is concerned, our interests are more diversified. It is to be expected that with the probable cessation of large scale canning of herring, total exports of all canned fish will be considerably reduced in 1948 as compared with 1947. The 1948 figures will undoubtedly show a lesser percentage destined to the U.K. since the 1947 data included sizable exports of canned salmon and Atlantic Coast species which will not move there in 1948. Exports to other sterling areas are also being curtailed so that our dependence on the U.S., other ERP countries (Western European countries and their dependencies) and the Latin American countries will be increased.

Since the major markets for our fishery products are the U.S. market and the Canadian market, the general market outlook must to a large extent be based on the general economic factors and the potential demand and supply situation for fishery products in particular in these two countries.

(ii) The U.S. Market.

To date business activity has continued at high levels, accompanied by full employment, increased consumer income and continually rising wholesale prices. Two of the major forces contributing to high economic activity, the booms in residential building and in business spending for plant and equipment, show no signs of weakening this year. In fact, an effective back-log of demand for housing, industrial expansion and durable consumer goods should maintain business activity and income for most of 1949 at levels close to those of 1948. Consumer

EXPORTS OF CANADIAN FISHERY PRODUCTS BY TYPES AND WORLD ECONOMIC AREAS 1947



\$38.0 MILLION

\$31.5 MILLION

\$12.3 MILLION

\$2.2 MILLION

★ — WESTERN Europe, including Dependencies, other than U.K.

"C"

**Table 1: DISTRIBUTION of FISHERY PRODUCTS
by Forms and Economic Areas of Destination
1947 and Forecast for 1948**

Fresh and Frozen	Canned		Cured		Other		Total
	1947A	1948F	1947A	1948F	Fishery Products	1947A	1948F
Domestic production	349.7m. lbs.		187.2m. lbs.		100.5m. lbs.		
Domestic Consumption	143.3m. lbs.		50.3m. lbs.		16.4m. lbs.		
% Distribution Domestic	41%	40%	26%	35%	16%		
Exports Total in \$million	\$38.0m.	\$47.2m.	\$31.5m.	\$20.6m.	\$12.3m.	\$13.9m.	\$84.0m.
% Distribution (1)							
U.S.A.	98.6%	99.7%	4.9%	8.6%	38.2%	35.7%	77.0%
U.K.	.8%	-	19.7%	9.7% (1)	-	-	12.7%
Other Sterling (2)	.3%	.1%	30.6%	21.9%	23.02%	17.3%	4.6%
Other ERP	.3%	.2%	17.5%	42.1%	2.8%	14.4%	1.1%
All other	-	-	27.2%	17.5% (1)	35.8%	32.7% (1)	4.5%
							11.3%

(1) It is to be noted that the distribution is based on estimated totals for the whole year, and that the annual pattern of distribution may differ in many instances from the current or future patterns of flow. This is especially true in those instances where exports were heavy during the first part of the year, before the imposition of tighter import controls or the termination of Post-UNRRA relief shipments. Thus current flows to the U.K., and of canned and cured fish to "all other" countries are considerably lower than the annual average indicated above.

(2) U.K. dominions and colonies, Iceland, Iraq, Burma.

(3) European countries (other than U.K.) and their dependencies.

instalment credit buying has increased rapidly in recent months, surpassing the previous dollar volume high of 1941, but still accounts for only about 7% of all retail sales as compared with 13% in 1940 and 1941. The 1949 outlook is also closely tied to the E.R.P. and the military expenditure programmes. If spending under the \$16 billion military programme continues at a high level and E.R.P. funds continue to be allotted at present levels, these factors will tend to sustain the general price structure, though individual commodities may experience different price reactions. Heavy anticipated demands, both in the U.S. and world markets, for metals and their products are likely to at least maintain and probably increase the prices of these commodities. On the other hand, the prospects for the greatest U.S. cereal production in history and an improvement in the world supply position has already resulted in and may see a further downward re-adjustment of grain prices to an average for 1948-49 lower than that for the past marketing year.

Food consumption per capita is likely to be slightly lower in 1948 than a year ago, but still about 12% above the 1935-39 average. Expected reductions are accounted for in the main by declines in the available supplies of meats, chicken and turkey, butter, fresh vegetables, corn products and sugar. However, greater feed supplies will tend towards increased production of livestock and its products. Total slaughter of cattle in 1949 is not expected to be as large as this year because of fewer cattle on farms. On the other hand, hog slaughterings in the first nine months of 1949 may be slightly larger than in the same period of 1948 and slaughter weights are expected to be unusually heavy: from then on increased feed supplies are expected to result in a substantial boost in pork output.

The price index of all food products at consumer levels has increased about 12% in the past year and the rate of increase since May has been about the same as that of a year ago. The large part of the rise in recent months has been accounted for by meats and dairy products, due to their relative scarcity as compared with 1947, and prices for these products can be expected to remain at the new high levels until at least the end of this year. However, during the first half of 1949, increased feed supplies at lower prices and expected supplies of meats and dairy products at levels close to those of the previous year are factors which should tend to level off prices for these commodities.

The U.S. market for fishery products to date this year has been strong. Civilian per capita consumption is expected to exceed the 1947 level. The enlarged total available supply has come about by increased domestic production, decreased exports and increased imports. Fresh and frozen fish consumption is likely to account for a large part of the increase, for commercial fish freezing operations for the first half of this year showed a 50% increase over the same period last year. For the first seven months, groundfish

imports were more than twice as great as a year ago and greater than the previous record of 1946. Canned fish supplies may not be much greater than last year, i.e. will be in moderate supply: canned tuna production is about the same as in the comparable period of last year, but the output of salmon and sardines (pilchards and Atlantic sea herring) is lower.

Prices for fishery products during 1948 have maintained a high level of increase over those in 1947. As reflected in the U.S. consumer price index, fish prices have averaged between 15 to 20% above those of a year ago, substantially the same increase as the prices for meat products. The outlook for the remainder of this year and the first half of 1949 suggests that a continuing high level of supplies can be absorbed at prices close to those prevailing at present. It is unlikely that U.S. production or import offerings over the next few months will be so great as to have an overall adverse affect on price, but beyond that period individual commodities are likely to undergo different price reactions.

(iii) The Canadian market.

A review of 1948 indicates that Canada has experienced a very successful year of business activity. The capital investment programme will likely exceed former expectations, to reach a total about 25% higher in money value than a year ago: when adjusted for price rises, this would still suggest an increase in durable physical investment about 10% above 1947. Exports for the year are expected to be somewhat above 1947 in dollar terms. Consumer income will probably show a 10% increase but since the rise in cost of living will approximate 15%, purchasing power in real terms will have been less favourable than a year ago: this has been reflected in retail sales, which although up in dollar value, are somewhat down in physical terms over last year. Inflationary tendencies have been strong and present estimates suggest that the general price level during this year will be at least 12% above that of 1947.

Canada's industrialization programme of the post-war years is a hopeful sign for the 1949 outlook. Much of the investment is just starting into production. This should be a strong factor towards maintaining employment at high levels. However, one of the most important factors which will influence Canada's general level of business activity and employment in the coming period is the export situation. Canada's heavy dependence on export markets makes it particularly vulnerable to external conditions, and there are indications that, apart from the U.S. market, further deterioration is possible.

Meat production for next year is expected to be somewhat down from this year's level, but the supply for the domestic market

should be ample. The numbers of beef cattle on farms have declined steadily over the past three years. Hog marketings for the first nine months of 1949 will be considerably below the same period of 1948, but could show a substantial increase towards the end of 1949.

INDIVIDUAL FISHERY PRODUCTS

(Section 11-B)

Fresh and Frozen

(i) Canadian fresh and frozen production has been geared almost exclusively to the domestic and U.S. markets. Thus, the market outlook for these products must be based on the potential demand and supply situation in these countries.

(a) Groundfish

The strong market conditions in Canada and the U.S. have allowed for greatly increased absorption of groundfish up to the present at higher prices than prevailed a year ago, and the outlook suggests that market opportunities will continue to be favourable at least for the remainder of 1948. The increased use in the U.S. market will probably establish an all-time high. The U.S. has produced very intensively, as indicated by production passing over the Boston Fish Exchange which has been averaging around 10% over 1947 (a year in which total production was the highest since 1941). In addition, imports of frozen groundfish fillets up to August are greater than imports of the same period in 1946. U.S. stocks are about 30% higher than a year ago, the increase being accounted for almost entirely by rosefish. Canadian and Newfoundland stocks are reported lower than a year ago. Prices on the U.S. market have increased over those of a year ago and import prices have remained seasonally high.

Despite higher stocks, it is not anticipated that supply offerings will be so great as to appreciably lower market prices. After the initial market uncertainty in early 1947, U.S. production, already at a high level, went all out for the balance of the year, with Canada and Newfoundland following in line. There is no indication that supplies for the balance of 1948 will be much different from those of the same period of 1947. Iceland will not likely become an important factor until February of 1949, at the earliest.

(b) Freshwater Fish

During the past few years, relatively short supplies of sea fish and rather inflexible freshwater supplies have allowed freshwater species to command very high prices. Over the past year,

market conditions have remained good and, on the average, U.S. wholesale prices have increased but the increase has been less than that for sea fish. Summer whitefish prices have reached a record high, due largely to short supplies for the specialized smoker trade. Prices during August on the Chicago market for other important species such as pickerel and pike ranged only slightly above those of a year ago and indications from Canadian sources suggest that export prices have actually been lower than a year ago. U.S. holdings are low compared to the average for the previous five years, but about 12% above last year's. Canadian holdings are down from the same period of 1947. On balance, therefore, no difference exists between storage stocks at present compared to last year. Whitefish and lake trout stocks are low but those of bluepike, sauger and pickerel are larger. For the first six months of this year exports have been higher for pickerel and whitefish but somewhat lower for yellow perch and pike.

The heavy summer production season is practically over. Winter supplies consist largely of whitefish and trout out of Prairie Provinces production, both of which are in a reduced stock position. Although the evidence suggests that the continually rising price market of the past few years is just about over, market conditions appear to be favourable for disposing of an average-sized winter production at prices close to those of a year ago.

(c) Fresh Salmon

Over the past year, Canadian salmon has experienced its greatest price rise since the end of the war, this trend being influenced heavily by access to the higher priced U.S. market. On the domestic market, this has resulted in wholesale prices advancing up to 50% over 1947. At the same time, prices on the Seattle wholesale market in August averaged between 15-25% over their high levels of a year ago. Canadian and U.S. stocks are both down from a year ago by about 15-20% and are slightly below the average of the past five years. The main producing season is over and competition for canning supplies still remains heavy in both Canada and the U.S. There is no indication of a higher than average salmon run for the remainder of the season. In view of the heavy competition for lower than usual supplies, it would appear that the market will absorb the 1948 catch at prices close to the exceptionally high level prevailing at present.

(ii) Canned Fish

The market situation for canned fish is mixed. On some items, commercial requirements are in excess of availabilities, and the goods move rapidly; on other types, market demand is slow or even practically non-existent.

Total exports of canned fish are expected to be reduced by

one third from last year's levels. This fall is mainly due to the elimination of the relief programs which used to take canned herring and other economical packs, and to the reductions in U.K. and other sterling area purchases. Purchases by U.S. and E.R.P. countries other than U.K. have been higher so far this year as compared with last, but they are far from compensating for the decline in the other world markets. In 1948, total exports of all canned fish other than salmon are expected to be 45% lower than the levels of 1947.

(a) Canned Salmon

The canned salmon market situation has very good prospects. The salmon pack is anticipated to reach about two thirds of the average for the past 10 years: as of September 15th, it amounted to 933,000 cases as compared with 1,265,000 at the same date of 1945, the highest of the preceding five years. There is confidence that the domestic market will take a large part of the pack. Prices are very satisfactory. The domestic selling price of the 1948 sockeye pack increased from \$30.00 a case to \$33.00, i.e. by 10%, but prices to the consumer are only slightly higher because of the removal of the 8% sales tax. The chum pack is still to come and what its price will be depends on this fall's pack, which in turn depends partially on the extent of movements of fresh salmon to the U.S. During June and July, a somewhat higher proportion of the salmon catch was canned as compared with last year.

So far this year, canned salmon has moved into export markets at slightly higher values than in the early part of 1947, despite a 60% fall in U.K. purchases (formerly the chief market) and a total loss of the Australian market, which were more than compensated for by increases to other sterling countries (mainly South Africa, but also the Gold Coast and some of the B.W.I.), other E.R.P. countries (Greece, Belgium, Netherlands, France), U.S., and others such as the Philippine Republic, Palestine, Colombia, Venezuela and Bolivia. It is anticipated that the domestic disappearance ratio will be higher and consequently that 1948 exports will not reach 1947 levels.

(b) Other West Coast Canned Fish

Canned Tuna - For the first time, the West Coast canners are putting up a tuna pack. The pack will not be large in comparison with other canned species, the price will be high, but the quality of the albacore caught is very high compared to imported tuna and it is anticipated that domestic consumption will absorb it readily.

Canned Herring - It is not expected that there will be much herring canned this fall and winter. Available stocks from last year's production will likely take care of most of the demand

for this product.

(c) East Coast Sardines and Lobsters

Sardine herring catches have been higher and despite larger amounts being disposed of in the fresh form to U.S. buyers, the quantity canned domestically is slightly higher so far than in 1947.

However, the export of canned sardines was lower than for the same period of last year (by 2.3 million lbs. as of end of July) though higher than in 1946. There has been a greater diversion of supplies to the domestic market (it is to be noted that imports of Norwegian sardines have declined) but stocks have tended to accumulate.

Canned Lobsters moved very slowly in the early part of this year as compared with previous years, but picked up in June.

(d) Other East Coast Canned Fish

The situation here is tighter. Indications are that the production of types such as herring, chicken haddie and finnan haddie has decreased substantially from that of 1947, and with the Canadian Commercial Corporation taking a total of 190,000 cases on behalf of the Fisheries Prices Support Board, the quantities remaining for the domestic and export markets are not large. Markets for these products are limited, and there are indications of some over-supply in the hands of producers.

The only type that has moved into export markets relatively well as compared with 1947 is canned clams. Canned haddock movement has been fair, but canned herring and other canned seafish have been moving into exports very slowly.



Here a cannery employee at Souris, P.E.I., feeds a conveyor belt with tins of chicken haddie from the weighing table. The belt carries the tins into the vacuum box and then to the sealing machine shown at the right.

THE MARKET FOR CURED FISH

(iii) In general, export markets have taken more salted, dried, pickled and other cured fish during the first six months of 1948 (\$6.57 million) than the first six months of 1947 (\$5.12 million). Although the sterling area and "all other countries" took slightly less, this was more than compensated for by increased exports to "other E.R.P. countries" and to the U.S. However, this general picture conceals considerable discrepancies between the market situation for the component types.

(a) Dried Salted Fish

This type has the most optimistic prospects for successful marketing of 1948 production. At the present time, supply is not sufficient to meet market demand, and it is not expected, that any serious problem will arise until 1948 production is fully marketed.

During the first six months of 1948, dried codfish picked up considerably over 1947 (from \$1.8 million to \$2.6 million) and though there were decreases in the U.S. and sterling area markets, this was more than offset by a great expansion in "all other countries" (especially Cuba) and in "other E.R.P. countries". Dried pollock, hake and cusk picked up almost 40% on the basis of increased sales to "other E.R.P. countries", although exports to "all other countries", the sterling area and U.S. dropped. Dried haddock sales also rose; but dry salt herring fell badly due to the elimination of the "all other countries" market, though sales to the sterling area increased.

Quantities of dried fish in Norway and Iceland have been exceedingly small this year and our industry expects to dispose of all its stocks before the next Iceland and Norwegian catch comes on the market. If foreign production is again low, whether due to another low catch or greater diversion to the fresh and frozen form, the market for dried fish should continue to hold fairly firm, although some of the markets might show a weakening. On the other hand, if foreign production reaches "more normal" levels, the industry expects some difficulties.

(b) Pickled Fish

The market outlook for these types is uncertain. While production is slightly below that of last year, it is still perhaps somewhat above what might be considered the normal requirements of the traditional markets. With no apparent relief of European outlets, there does seem to be a possibility of some surplus supplies of pickled herring and alewives. Some exporters have been bearish on this item for some time and have kept stocks at a minimum.

despite the fact that export experience in the first six months has been generally favourable, the products moving quite freely. Concern, therefore, is more on the over-production rather than weak-marketing side.

Pickled herring moved very heavily in the first six months to the U.S. and "other E.R.P. countries" but has suffered a relative decline to the sterling area and to "all other countries". Pickled mackerel exports increased slightly on the basis of increases to the sterling area and "all other countries" though there has been a decrease of shipments to the U.S. Alewives experienced gains in every area except "other E.R.P." Pickled salmon exports increased in every market except the U.S.

The production of salted herring is being discouraged. If the catch remains light, a fair price could be maintained. The summer run was poor and the catch to date not excessive although ample for probable demands. It is still early enough for a fairly heavy production of fall herring in Western Halifax and Lunenburg counties, but this is not likely to take place. The catch of mackerel was very heavy, particularly from the Magdalen Islands, with a grand total the highest since 1929. There will probably be a weakening of alewife prices through the winter and some carry-over is indicated.

The big factor behind the bearish outlook of the industry on pickled fish is the uncertainty in some of the markets; for example, the Jamaican Controller has recently embargoed all further imports of pickled fish in 1948.

Significant stocks of pickled fish held by dealers as of August 31st are as follows:-

Alewives.....	16,400 bbls.
Mackerel-Spring.....	16,000 "
Herring: fat.....	1,200 "
Herring: "tropic"....	1,100 "

(c) Bloaters

Indications are that the bloater carry-over may be substantial, particularly if certain sections produce to the limit of their post-war installed capacity. Production is close to the high level of last year and with no relief or European markets in sight, there would appear to be some reason for expecting marketing difficulties. Stocks of bloaters as of August 31st amounted to 158,000 boxes and it is difficult to foresee their adequate disposal (particularly of the lower quality types) if normal seasonal production takes place this fall on Grand Manan.

Production of bloaters on the Magdalen Islands and the

East Coast of N.B., takes place during the months of May and June. It is estimated that the combined production of these two areas for 1948 will be 250,000 - 300,000 boxes. The principal production in the Grand Manan area takes place during the months of September, October and November, affording them a better opportunity to control their production in accordance with market conditions, particularly the available supplies from earlier production.

Marketing of the 1948 pack of bloaters is presenting a problem because the British West Indies as a whole are short of dollars and have stopped buying this product from Canada or have restricted purchases. The Acting Canadian Trade Commissioner in Trinidad (formerly the most important B.W.I. market for bloaters) reports that import permits are being granted by that country for the importation of smoked herring from U.K. and Norway, to be paid for in sterling. Whereas, in the first half of 1947, B.W.I. took 69,000 boxes, in the first half of 1948 they took only 33,000 boxes. Reductions have been particularly sharp in the later months, e.g., in June they took only 1,300 boxes as compared with 24,600 boxes in June, 1947. Restrictions were sharp in Trinidad, Barbados and Jamaica, though volume picked up slightly in the Leeward and Windward Islands and British Guiana. Puerto Rico and the French West Indies also curtailed imports to a small fraction of what they were taking up to a year ago. However, total exports of bloaters in the first six months of 1948 were slightly higher than in 1947 due to very heavy buying by Haiti and San Domingo. Haiti's imports increased from 27,000 boxes to 87,000 boxes; San Domingo's from 42,000 to 68,000: these two increases more than compensated for declines in other markets.

It is not likely that the sharp decline in movements to B.W.I. will be reversed in the immediate future, for these colonies were warned that the austerity programme would last for a few more years. On the other hand, it is uncertain whether the very encouraging movement to Haiti and San Domingo may be expected to continue over the next six months. Part of the increase was due to better transportation connections. In Haiti, it was mainly due to a temporary shortage of rice, beans and corn meal. However, recent news indicates that conditions are chaotic on the San Domingo market, which imported a normal six months' supply in six weeks (July 15 - Aug. 31); imports continued to flood in as late as Sept. 14, and the market is badly overstocked: all buying has stopped and merchants are faced with heavy losses, on dry fish as well as bloaters. Imports must necessarily level off in the next few months. In Haiti the food supply is now getting back to normal and purchases are expected to return to former levels.

Even under the assumptions of a continued higher level of absorption by some of these other markets, and of slightly more favorable export levels to the B.W.I. under a "token shipment"

program respecting commodities normally supplied to B.W.I. countries and now affected by restrictions, it is difficult to foresee the disposal of some of the stocks (particularly the lower quality types) of 158,000 boxes held as of Aug. 31st if Grand Manan production is "normal" as is presently indicated.

The production of bloaters was greatly expanded through the years 1943-47, and it would appear that, on the whole, producers have paid little heed to the warnings given them. In 1947, the government purchased 50,000 boxes of bloaters in addition to quantities of other kinds of fisheries products for European Relief. In spite of this fairly substantial purchase, heavy stocks of 1947 production were carried over into 1948 and had it not been for the fact that Haiti and San Domingo bought heavily, the trade would have been faced with a serious situation. In 1948, further warnings were given by the Department against maintaining production of bloaters at the abnormally high wartime level. The Deputy Minister of Fisheries, Stewart Bates, in his address to the East Coast Fisheries Conference in Quebec, Feb. 1948, stated: "In pickled fish, our exporters have found their markets recently in relief outlets. The outlook for them is less optimistic. Last year, the Canadian Government provided quite substantial amounts for fish-\$8 million. There is so far no Canadian program for relief in 1948. So far as we know, under E.R.P. there is no definite suggestion that fish will be included in relief, but in the case of pickled fish and alewives, they indicate that if by chance some fish were bought it would be very unlikely that pickled fish would be included; the same goes for bloaters. Relief agencies state that they have found these forms of cure difficult to distribute-a good deal of wastage in the long distribution chain. There is no cheerful prospect for markets for pickled fish and bloaters."

(d) Other Cured Fish

The U.S. market for boneless dried codfish picked up by 20% in the first six months. Green-salted codfish also moved heavily to the U.S. Green-salted pollock, hake and cusk moved slowly.

OTHER FISHERY PRODUCTS

(iv) (a) Fish Meal

Overall production of fish meal in 1948 is expected to recover from the low of 1947 to a figure comparable to two years ago. Upon relaxation of export controls this year, herring meal has tended in the main to be exported to its pre-war markets in the U.S. Other fish meal, produced largely on the Atlantic Coast, has continued to be disposed of in the domestic market.

Large supplies of linseed oil meal in prospect in both Canada and the U.S. have improved the general outlook for meal availability over the next year and meal prices have fallen from the 1947-48 peak during the last few months. Consequently during the coming year fish meal, in line with other protein meals, can be expected to average at prices moderately lower than the high average price of the past year.

(b) Marine Oils

Up to the present, the supplies of fats and oils are still under international allocation. During and since the war years, the relatively short supply has made for ready markets at greatly increased prices. The allocation programme had tended to freeze supplies at the source so that normal trade channel patterns were not fully operative. A removal or relaxation of controls would see a considerable change in the usage patterns of fats and oils for various industrial purposes. Marine oils have experienced the greatest price rise relative to pre-war prices. Under normal supply conditions, they could be expected to fall at least as much and probably more than prices for competitive products.

Indications are that the 1948-49 supply position of fats and oils is considerably better than in the past year, although still below long term requirements. The U.S. has bumper crops of cottonseed, soy beans and peanuts, assuring a substantial increase of vegetable oils used mainly for food in the year beginning October, 1948. A large flaxseed crop also ensures an abundance of linseed oil in relation to domestic demand at the support price.

Prices of fats and oils have fallen slightly in the past few months for most of these commodities. The outlook for the year beginning October 1948 is for the general level of prices for fats and oils to be moderately lower than a year earlier as a result of increased supplies. However, continued strong demand on the U.S. and Canadian domestic and world export markets will probably keep the twelve-month average of prices above the wartime ceilings.

Limited supplies of tallow for soap are likely to result in continued usage at high levels of fish oils for this purpose, but improved soy-bean availability can result in the lessening of demand for fish oil in the manufacture of products such as paints and varnishes. On balance, over the next year fish oil prices can expect to show a reduction comparable to the average for all oils.

It is estimated that the price of fish oil will be approximately \$1.50 per barrel.

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